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CCC-509 Appendix
(04-24-09)

U.S. DEPARTMENT OF AGRICULTURE
Commodity Credit Corporation

**APPENDIX TO FORM CCC-509, DIRECT AND COUNTER-CYCLICAL PROGRAM (DCP) CONTRACT
or AVERAGE CROP REVENUE ELECTION (ACRE) PROGRAM CONTRACT**

NOTE: *The primary authority for requesting and safeguarding the information described on this form is the Food, Conservation, and Energy Act of 2008 (Pub. L. 110-246 and any amendments to such act as may follow). The information requested is necessary for CCC to consider and approve the contract to enter into the Direct and Counter-Cyclical Program (DCP) or Average Crop Revenue Election (ACRE) Program, to assist in determining eligibility, and to determine the correct producers on the contract. Furnishing the requested information is voluntary. Failure to furnish the requested information will result in a determination of ineligibility for certain program benefits and other financial assistance administered by USDA. The information collected as a result of this form may be released to USDA employees, USDA contractors, or authorized USDA cooperators as needed or appropriate subject to the safeguards under Section 1619 of the Food, Conservation, and Energy Act of 2008, the E-Government Act of 2002, and other authorities. This information collected as a result of this form may be released to USDA employees, USDA contractors, or authorized USDA cooperators who are bound to safeguard the information under Section 1619 of the Food, Conservation, and Energy Act of 2008, the Privacy Act of 1974, the E-Government Act of 2002, and related authorities.*

The information collection is exempted from the Paperwork Reduction Act, as it is required for administration of the Food, Conservation, and Energy Act of 2008 (see Pub. L. 110-246, Title I, Subtitle F - Administration). The provisions of criminal and civil fraud, privacy and other statutes may be applicable to the information provided and may provide sanctions for the submission of false or inaccurate information.

1 PURPOSE AND CHANGES IN LAW

This Appendix sets forth additional terms and conditions of the Direct and Counter-Cyclical Program (DCP) Contract or Average Crop Revenue Election (ACRE) Program Contract (CCC-509). While this Appendix covers contracts for multiple program years, these programs are yearly programs and require enrollment each year. Note, however, that while there is a yearly contract, there is also a separate one-time form (CCC-509 ACRE) for electing to place a farm in ACRE that is separate from the CCC-509 contract. For the first year a farm is in ACRE, there must be both an ACRE election and a CCC-509 contract signed. For subsequent program years, that farm, having been in ACRE, may only generate payments under ACRE and not under a DCP contract. But for those subsequent years, only a CCC-509 contract needs be signed (no new election form is involved). A producer who signs the Direct and Counter-Cyclical Program Contract or Average Crop Revenue Election Program Contract agrees for the relevant year to follow the terms and conditions contained in this CCC-509 Appendix, and acknowledges the applicability of any provisions of the federal regulations applicable to the contract including those found at 7 CFR Parts 12, 718, 1400, and 1412. It is also understood and agreed by the participants that benefits under this agreement and the programs which are addressed in this agreement and Appendix are subject to changes in statutory law and to changes in applicable regulations.

It is understood and agreed that producers on a farm may not, with respect to that farm, participate in both DCP and ACRE in the same crop year and that once producers on a farm have participated in ACRE, then through the 2012 crop year neither those producers nor any other producer may, with respect to that farm, participate in the DCP. A DCP contract is a contract that allows for the payment of direct and countercyclical payments. An ACRE contract allows for the issuance of direct payments (but at a reduced rate) and ACRE-specific payments. A farm that has previously generated payments under an ACRE contract cannot thereafter generate payments under a DCP contract. Hence, an ACRE election has an effect for multiple program years.

The final signup date for the 2009 program is August 14, 2009. The final signup date for subsequent years is June 1 of the program year, except to the extent that CCC modifies that date.

2 DEFINITIONS

A **ACRE** means Average Crop Revenue Election program addressed in this Appendix.

B **ACRE Guarantee Price** means the simple average, as determined by CCC, of the national average market prices of the covered commodity or peanuts for the most recent 2 crop years proceeding the relevant current crop year. For example for the 2009 program the relevant crop year is the 2009 crop year. Hence, for the 2009 program, the ACRE guarantee price of a covered commodity or peanuts is equal to the simple average of the national average market prices of the covered commodity or peanuts for the 2007 and 2008 crops.

- C ACRE Price** means the higher of the following, as determined by CCC, for the covered commodity or peanuts:
- the national average price received by producers during the 12-month marketing year (as defined in 7 C.F.R. Part 1412 or succeeding regulations) for the relevant current crop of the covered commodity or peanuts (the relevant current crop for a program year is the corresponding crop for commodity for that year – e.g., the current crop for the 2009 program is the 2009 crop), or
 - 70 percent of the marketing assistance loan rate for the relevant current crop of the commodity under Sections 1202 or 1307 of Pub. L. 110-246.
- D Actual Farm Production** means all of a farm's harvested and appraised production, including grazed acres, of a covered commodity or peanuts. Appraisals shall be performed by appraisers acceptable to FSA. Appraisals performed according to the Non-Insured Crop Disaster Assistance Program (NAP) or crop insurance guidelines are generally deemed acceptable to FSA for DCP and ACRE purposes.
- E Actual Farm Revenue** means per acre amount computed by multiplying the actual farm yield, which is a per acre amount, of a covered commodity or peanuts times the ACRE price for the relevant current crop year. The relevant current crop year for these and other purposes is the crop year that corresponds to the calendar year in which the relevant program year ends. Hence, for the 2009 contract or 2009 program, the relevant crop year would be the 2009 crop (that is, the crop considered to be the crop for the 2009 crop year).
- F Actual Farm Yield** means for the relevant current crop year, the per acre amount determined by dividing the actual farm production of a covered commodity or peanuts by the farm's total planted and considered planted acres of the covered commodity or peanuts.
- G Actual State Yield** means the State's per acre amount for the relevant current crop year for a commodity determined by dividing the actual production in the State of the covered commodity or peanuts by the total planted acres of the covered commodity or peanuts in the State.
- H Actual State Revenue** means the per acre amount for a covered commodity or peanuts determined for the relevant current crop year by multiplying the actual state yield by the covered commodity or peanuts times the ACRE Price.
- I Base Acres** means the number of acres for the covered commodity or peanuts on the farm specified on the contract (CCC-509). Base acres may be increased if a Conservation Reserve Program contract applicable to the farm expires or is voluntarily terminated. The adjustment in the base acres of a crop, if any, will be determined by the CCC. The producer's total base acres on the farm for all covered commodities and peanuts can never exceed the amount equal to the currently available cropland, adjusted for eligible double-cropping acreage on the farm, minus that amount of that cropland which is enrolled in the following:
- in the Department's Conservation Reserve Program;
 - in the Department's Wetland Reserve Program; or
 - in a federal conservation program for which payments are made in exchange for not producing an agricultural commodity on the acreage.
- J Benchmark Farm Yield** means, except as otherwise provided, a per acre yield for a covered commodity or peanuts computed using the Olympic average of the average yield per planted acre for the farm for the commodity for the 5 most recent crop years. The term "Olympic Average" means that the highest and lowest per acre yields for the 5 years will be eliminated and the remaining annual entries will be averaged. CCC may make adjustments needed to create, in CCC's opinion, a fair yield for the farm so as to ensure the integrity of the ACRE program. For purposes of determining a benchmark farm yield, yields on planted acres only will be considered except to the extent that the farm does not have a sufficient history to make a fair yield determination in which case a yield may be assigned by CCC.
- K Benchmark State Yield** means for a covered commodity or peanuts a per acre yield based, to the extent practicable, on data from the National Agricultural Statistical Service equal to the Olympic average (see above) of the average yield per planted acre for the State for the 5 most recent crop years. The benchmark State yield is used in determining the State ACRE guarantee. CCC may make such adjustments in these yields as it deems necessary to provide for a fair yield and ensure the integrity of the program.

- L Contract Period** means the compliance period set out below for the contract for the particular program year. The “program year” is designated in item 1 of the contract. In this Appendix, contracts for different program years will be referenced by their program year. Thus, for example, a reference to the “2009 Contract” means the contract for the 2009 program year and the relevant current crop for a program year is the corresponding crop for that commodity. Thus, the relevant current crop for the 2009 program is, with respect to a particular commodity, the 2009 crop. References to the “contract” period refer to the compliance period for the particular program year. The compliance periods for the various program years are as follows:
- (1) for the 2009 Contract (hence for the 2009 program) , the period that begins on October 1, 2008 and carries through September 30,2009;
 - (2) for the 2010 Contract, the period that begins on October 1, 2009 and carries through September 30, 2010;
 - (3) for the 2011 Contract, the period that begins on October 1, 2010 and carries through September 30, 2011;
 - (4) for the 2012 Contract, the period that begins on October 1, 2011 and carries through September 30, 2012.
- M Covered Commodity** means wheat; corn; grain sorghum; barley; oats; upland cotton; long grain rice; medium grain rice; dry peas; lentils; small chickpeas (Desi Garbanzo beans); large chickpeas (Kabuli Garbanzo beans); sesame; soybeans; canola; crambe; flax; mustard; rapeseed; safflower; sunflowers; or other oilseeds, if any, as designated by the Secretary of Agriculture.
- N Crop Year** means the calendar year in which the crop is normally harvested or in which the majority of the crop, nationwide, would have been harvested. DCP and ACRE payments are made by program year based on certain crop-year specific rates. Those rates for a particular commodity for a particular program year will be for the corresponding crop year.
- O Deputy Administrator** means the person who holds the position of Deputy Administrator for Farm Programs (DAFP) for the Farm Service Agency, or the successor position if that position is abolished.
- P DCP** means the Direct and Counter-Cyclical program addressed in this Appendix.
- Q Dry Peas** means Austrian, wrinkled seed, yellow, Umatilla, and green peas, excluding peas grown for the fresh, canning, frozen or similar markets.
- R Farm ACRE Guarantee** means for a crop year of a covered commodity or peanuts the per acre producer-paid crop insurance premium (if any) added to the result of multiplying the benchmark farm yield, which is a per acre amount, times the ACRE guarantee price. The farm ACRE guarantee is used in determining whether a farm is eligible for ACRE payments for a covered commodity or peanuts.
- S Limited Resource Farmer** means, as determined in accordance with subparagraph 3Q of this Appendix, a farmer or rancher who meets both of the following criteria:
- (a) the person did not have, counting both direct and indirect interests, total gross farm sales for all farms in which that person has an interest of not more than the triggering level, as defined below, in both of the two calendar years that precede the calendar year in which the contract year begins. The triggering level is an indexed number that was originally for other programs, \$100,000. Beginning in October 2004 that number has been adjusted for inflation using the Prices Paid by the Farmer Index compiled by the National Agricultural Statistical Service. The triggering level for this contract shall be the indexed number as adjusted for the fiscal year that begins on the first day of the contract period, and
 - (b) the person’s total household income is at or below the national poverty level for a family of 4 or less than 50 percent of county median household income in each of the two most recent calendar years ending before the end of the program year, as CCC determines using U.S. Commerce Department Data.
- For purposes of making these determinations, interested persons are encouraged to use the USDA Limited Resource Farmer and Rancher Only Self Determination Tool at <http://www.lrfstool.sc.egov.usda.gov/tool.asp>
- T Medium Grain Rice** includes short grain rice.

- U Minimum and Maximum Guarantee** means with respect to the State Acre Guarantee in the case of each of the 2010 through 2012 crop years, the adjusted amounts which assures that the State ACRE Guarantee for a program year for a covered commodity or peanuts shall not decrease or increase more than 10 percent from the announced State ACRE Guarantee for the preceding program year.
- V National Loan Rate** means the loan rate established according to Sections 1202 (a), (b), and (c) and Section 1307 (b) of Pub. L. 110-246.
- W Per Acre Producer-Paid Crop Insurance Premium** means the insurance premiums paid by all producers of a farm for insurance on a covered commodity or peanuts, provided that at least some of the insured crop acreage is subject to a CCC-509, divided by the total acres of the covered commodity or peanuts subject to the insurance coverage; regardless of whether or not all of the acres insured are included on the farm's FSA-578, Report of Acreage, or subject to a CCC-509.
- Example:** Producers A, B, and C have an interest in barley on a farm and the farm is enrolled in ACRE. Producers A and B paid crop insurance premiums totaling \$800 on 100 insured barley acres. Regardless how many acres of barley are planted, the per acre producer-paid crop insurance premium for barley is equal to \$8.
- X Planted acres for a State** means for:
- corn, sorghum, barley, oats, and wheat, the sum of harvested acres in a State, as reported by the National Agricultural Statistics Service (NASS) and the sum of failed acres in a State, as reported by producers on form FSA-578
 - all other crops, the sum of planted acres in a State, as reported by NASS
 - if NASS data is not available, other sources shall be used as determined appropriate by CCC.
- Y Planted and considered planted (P&CP)** means, with respect to an acreage amount, the sum of the planted and prevented planted acres approved by the FSA county committee on the farm for a crop.
- Z Producer** means an owner, operator, landlord, tenant, or sharecropper who *shares in the risk of producing a crop* and is *entitled to share in the crop available for marketing* from the farm, or would have shared had the crop been produced. In determining whether a grower using hybrid seed, under contract, to produce a covered commodity or peanuts is eligible for a program payment to which the contract applies, the CCC shall ignore the contract with the seed producer and allow the payment to the grower of the hybrid seed. The preceding sentence shall only apply, however, if the grower of the hybrid seed would, but for the contract, be eligible to be considered a producer of the crop.
- AA Pulse Crops** means dry peas, lentils, small chickpeas (Desi Garbanzo beans), and large chickpeas (Kabuli Garbanzo beans).
- AB Socially Disadvantaged Farmer or Rancher** means, as determined in accordance with subparagraph 3Q of this Appendix, a member of a group that, as declared and approved by the Deputy Administrator, is considered for these purposes to be a group whose members have been subject generally to racial, ethnic, or gender prejudice because of their identity as members of a group without regard to their individual qualities. The groups have been identified to include: (1) American Indians and Alaskan Natives; (2) Asian-Americans; (3) Black or African-Americans; (4) Hispanic-Americans; (5) Women. Other groups will not be included as a group to which this definition applies unless so declared by the Deputy Administrator. Persons submitting the contract should not check the box for socially disadvantaged farmer or rancher unless they certify that they are members of one of the five specific groups named above.
- AC State Acre Guarantee** means the per acre amount which is 90 percent times the benchmark State yield times the ACRE guarantee price, subject to the minimum and maximum guarantee specified above.
- AD All words and phrases** have the meanings assigned to them in the regulations found at 7 CFR Parts 718, 1400, and 1412 except to the extent that such definitions would be inconsistent with the specific provisions of this Appendix or of the contract.

3 CONTRACT

By signing CCC-509 the owners and producers on a farm understand and agree that:

- A** Only a “producer”, as defined in part 2 of this Appendix, is entitled to earn direct and counter-cyclical or direct and ACRE payments. For a farm participating in DCP, the direct and counter-cyclical payment shares for each commodity for each producer, as identified on CCC-509, must be representative of each producer’s interest in base acres based on farming practices in the area to the satisfaction of the FSA County Committee. For a farm participating in ACRE, the direct payment shares for each commodity, as identified on CCC-509, must be representative of each producer’s interest in base acres based on farming practices in the area to the satisfaction of the FSA County Committee. The ACRE payment shares for a producer identified on the CCC-509, must be representative of the producer’s interest in planted acres of the covered commodities or peanuts planted on the farm;
- B** A farm is limited in the number of ACRE payment acres to 83.3 percent of the planted and considered planted acres on the farm, not to exceed the total number of base acres of covered commodities and peanuts;
- C** The direct and counter-cyclical payment shares for a producer may not exceed the producer’s applicable interest in base acres;
- D** Producers have through the final signup date for the relevant program year to timely file the CCC-509 for that program year. That date is August 14, 2009 for the 2009 program. For other program years, the final date for sign-up shall be June 1 of the program year unless extended by CCC as allowed by regulation. References here to the “CCC-509” are to the basic contract for DCP and ACRE and not to the special election form (CCC-509 ACRE). The CCC-509 ACRE must be executed for the first crop year in which a farm is enrolled in ACRE. ACRE elections and enrollments are by farm and not by producer. Any farm that was enrolled in ACRE in any previous year may not generate payments under a DCP contract; that is, if the farm has been enrolled in ACRE in any previous year then no producer can enroll in DCP on that farm irrespective of whether the producer was involved with that farm previously. A farm cannot be enrolled in ACRE unless all producers on the farm for the first year of enrollment for that farm sign the separate election form for that first year of the enrollment. With respect to enrollment in the DCP or ACRE for a program year, under no circumstances will enrollment be permitted after August 14, 2009 for the 2009 program or after the final sign-up date established by CCC for subsequent program years. Contracts will not be approved unless all producers sharing in base acres with more than a zero share have submitted all applicable contracts and documentation necessary to make such approval, as determined by the Deputy Administrator. For those producers with an interest in the farm but a zero share of the contract payments, the contract will not be approved unless all producers on the farm have signed the contract or furnished supportive and necessary contractual documents (such as cash leases in lieu of signing for a zero share). A producer on the farm with a zero share of direct payment acres who wishes to be eligible to receive an ACRE payment must be a signatory on the CCC-509 with a zero share. For a farm to be enrolled in ACRE for the first time, each owner, operator, and producer on the farm must elect ACRE on CCC-509 ACRE prior to the execution of CCC-509. A contract not having all requisite signatures of producers having more than a zero share of contract acreage on or before the final sign-up date for the program year, will not be considered submitted to CCC for any purpose and will not be acted on or approved. Unless completed on time, those contracts submitted by a producer on or before the final signup date that were not signed by other producers according to this section will be deemed withdrawn and will not be approved. Producers on a farm are solely responsible for ensuring that enrollment occurs properly;
- E** A CCC-509 becomes effective when signed by an authorized representative of CCC; however, the contract period is from October 1 of the contract period represented by the CCC-509 through September 30 of the contract period irrespective of when the contract is signed by the CCC representative or the person applying for benefits. Producers signing CCC-509 are representing compliance with the terms and conditions of the CCC-509 Appendix and federal regulations for the entire contract period;
- F** At any time prior to September 30 of the relevant contract period, the contract may be terminated upon written agreement of all producers receiving payment under the contract and, if applicable, each producer shall repay advance direct payments received for the crop year, plus interest;

- G** Payments shall be terminated for a producer or owner whose interest in the crops or land on the farm is transferred during the contract period, in which case each applicable producer shall repay payments received for the contract year and shall not be entitled to earn direct, counter-cyclical or ACRE payments with respect to the farm for that contract period. The transferee may assume the obligation of the contract if the transferee is otherwise eligible to participate in the program by entering into a revised contract during the period of time prescribed by CCC. In the event a succession-in-interest occurs and the contract obligation is not assumed timely for the contract year, all producers on the contract shall refund to CCC payments received for the contract year in which the succession occurred, plus interest, and the farm will be considered not enrolled for that crop year;
- H** Changes in the farming operation that may affect any program determination after the Direct and Counter-Cyclical Program Contract or Average Crop Revenue Election Program Contract (CCC-509) is signed, including, but not limited to, ownership changes, producer changes, changes in the crop share arrangements on the farm, enrollment in the Planting Transferability Pilot Project, or as a result of adding pulse crop bases to the farm, shall be reported to CCC by all applicable producers signing a revised CCC-509 to reflect the change no later than September 30 of the applicable contract period. The failure of producers to timely report changes and file a revised CCC-509 may result in the loss of payments for all producers on the farm for the crop year covered by the contract. In such event, all producers on the contract shall refund to CCC payments received for the crop year, plus interest and the farm will be considered not enrolled in DCP or ACRE for that contract year;
- I** A completed farm reconstitution which divides or combines farms shall result in the termination of the initial contract for the relevant contract year and, with respect to the base acreage assigned by the Secretary to the resulting farms of a reconstitution, the farm producers must, to be eligible for payments for that contract year, enroll the base acres for the contract year by signing a new Direct and Counter-Cyclical Program Contract or Average Crop Revenue Election Program Contract (CCC-509) for the resulting farm by the later of the final signup date, or 30 days after notification of the bases and yields of the resulting farm. A contract not having all requisite signatures of producers on or before the final signup date, or 30 days after notification of the bases and yields of the resulting farm, will not be considered submitted to CCC for any purpose and will not be acted on or approved. Those contracts not enrolled by a producer on or before the final signup date, or 30 days after notification of the bases and yields of the resulting farm will be deemed withdrawn and will not be approved. Producers on a farm are solely responsible for ensuring that enrollment occurs. In addition, after the final signup date, neither the combination of a farm enrolled in DCP with any farm not enrolled in DCP nor the combination of a farm with an ACRE election with any farm not having an ACRE election is allowed. The failure of producers and owners to timely enroll the base acres may result in the loss of payments for all producers on the original or new farm for the crop year. The provisions of this paragraph that allow for a new contract after the normal signup date in the case of a reconstitution only apply to contracts for the program year in which the reconstitution was requested.
- J** Producers will timely file in the manner prescribed by CCC with the FSA County Committee the following, if required, and agree to meet any other certification or filing requirements, as may be required by CCC, if not already on file:
- (1) A certification of the acreage of all cropland on the farm in accordance with 7 CFR Part 718; and
 - (2) A farm operating plan in accordance with 7 CFR Part 1400; and
 - (3) A certification of compliance with the highly erodible land and wetland conservation provisions set forth in 7 CFR Part 12; and
 - (4) A certification of compliance with the average adjusted gross income provisions in accordance with 7 CFR Part 1400 (together with any waivers as may be deemed needed by CCC to verify income with the Internal Revenue Service or to otherwise facilitate the administration of the DCP and ACRE programs); and
 - (5) A report of production on the farm according to 7 CFR §1412.76.
- K** Violations of the highly erodible land and wetland conservation provisions of 7 CFR Part 12 may result, at CCC's discretion, in termination of the payments with respect to each producer in violation (or considered in violation) or a reduction in the contract payment. Upon termination, each producer shall forfeit all rights to

receive contract payments on each farm in which the producer has an interest and shall refund to CCC all contract payments received by such producer during the period of violation, plus interest. A producer considered in violation of those provisions may also lose other benefits.

- L** The payment limitation provisions of 7 CFR Part 1400 relating to payment limits and payment eligibility requirements are applicable to this contract and Appendix as indicated by relevant regulations. Except as specified below, the payment limitation per person or legal entity for direct payments received directly or indirectly for any crop year is \$40,000 for all covered commodities for all farms together under all contracts and separately, \$40,000 for peanuts. The general limit per person or legal entity per crop year under all contracts for that person or legal entity, for counter-cyclical payments received directly or indirectly, is \$65,000 for all covered commodities and separately \$65,000 for peanuts. These limits are modified for persons or legal entities that elect to participate in the ACRE on any farm. Producers on farms enrolled in ACRE are ineligible for counter-cyclical payments with respect to that farm; direct payments for that farm are reduced by 20 percent. In addition, the loan rate on ACRE farms for marketing loans will be reduced to 70 percent of the rate that would otherwise apply. For all persons or legal entities, the limits are for all covered commodities together per contract year for ACRE payments and counter-cyclical payments shall be, summed together and on all farms for all “covered commodities” combined and for peanuts (which is not a “covered commodity”) separately, equal to \$65,000 plus the amount by which direct payments for those commodities, as applicable, were reduced for that person or legal entity under the ACRE contract or contracts. It is understood that a producer may be subject to an ACRE contract on some farms but not others, and that overall limits apply as indicated above. Under no circumstances can the total amount received per person or legal entity per contract year on all farms for covered commodities together, or peanuts separately, exceed \$105,000 for all direct, counter-cyclical, and ACRE payments. All determinations shall be made using the procedures and rules of part 1400. Further, for entities, an otherwise due payment will be reduced commensurately to the extent that any person with an interest in the entity, as determined under the payment limitation regulations in part 1400, would otherwise have a direct or indirect interest in program payments greater than the foregoing limits. Also, as permitted by 7 CFR Part 1403 payments to an entity can be setoff commensurately to the extent that persons with a direct or indirect ownership interest have a past due or collectable obligation to the United States or one of its agencies. Each producer determined by CCC to have adopted a scheme or device designed to evade, or which has the effect of evading such regulations, must refund any contract payment, marketing loan gain, or loan deficiency payment and any other applicable payment received on all farms in which such producer has an interest and shall be ineligible for such payments for the following contract year. Further, no payment may be allowed which is prohibited by any applicable regulation or statute;
- M** The regulations at 7 CFR Parts 12, 718, 1400, and 1412 are incorporated by reference as part of this contract;
- N** Representatives of CCC may enter the farm to determine if the producers are in compliance with this contract;
- O** The base acres on the farm to which this contract applies must be devoted to an agricultural or conserving use, and not for a nonagricultural commercial, industrial, or residential use. Base acres that are devoted to an agricultural or conserving use through noncultivation of any portion require effective control of noxious weeds and other maintenance measures through sound agricultural practices.
- P** Payments are subject to the availability of funds, compliance with all applicable laws and statutory changes and to limits on payments as may be provided for in the program regulations and it is specifically understood that any payments under this Appendix and the programs to which it applies are subject to statutory and regulatory changes including those that occur after the signing of the contract.
- Q** Generally, no farm that has a total of 10 base acres or less shall be eligible to receive payments on that farm, as determined by the Secretary. However, such a prohibition does not apply to a farm where at least 50 percent of the ownership interest is held by a socially disadvantaged or limited resource farmers or ranchers, as determined by CCC. If the farm is owned by an entity, such as a corporation, at least 50 percent of the interest in that entity must be held by socially disadvantaged or limited resource farmers or ranchers for the entity to be considered qualified as a socially disadvantaged or limited resource farmer or rancher. Socially disadvantaged farmers and rancher and limited resource farmers and ranchers shall otherwise have the meaning assigned in part 2 of this Appendix;

- R** Owners of land that have rice DCP base acres must have their rice base acres apportioned to long grain rice and medium grain rice according to Section 1108 of the Food, Conservation, and Energy Act of 2008. For the purpose of this apportionment, medium grain rice includes short grain rice.
- S** Calculations provided for in this Appendix shall be made by farm, as provided for in the program contract (Form CCC-509) and each farm from which a producer or producer seeks payments must have a separate CCC-509 on file. A separate CCC-509 is required for each program year for each farm from which a producer seeks to receive payment and calculations for each program year will be made separately. There shall only be one CCC-509 from any farm for any program year – that is, all producers on the farm must for each program year, file a single, new CCC-509;
- T** If there is a discrepancy between terms of the CCC-509, the CCC-509 Appendix, or any current or subsequent statutory or regulatory provisions then the statutory or regulatory language shall apply.
- U** Producers are not required to purchase crop insurance or participate in the Non-insured Crop Disaster Assistance Program (NAP) in order to participate in DCP or ACRE.

4 PLANTING FLEXIBILITY PROVISION

- A** Producers may plant that part of their cropland that represents land in excess of the total base acres on the farm to any commodity. For that part of the cropland equal to the eligible base acres, the producer shall be subject to the restrictions set out below.
- B** The planting of fruits (including nuts), vegetables (other than mung beans and pulse crops) or wild rice on base acres on the farm is prohibited and shall result in a violation of the terms of this contract unless one of the following exceptions are met:
 - (1) The fruit (including nuts), vegetable or wild rice is planted in a double-cropping practice with a covered commodity or peanuts, as determined by the FSA County Committee, in any region ;
 - (2) designated by CCC in the regulations at 7 CFR Part 1412 as having a history of double-cropping covered commodities or peanuts with fruits, vegetables or wild rice, in which case there is no contract violation or reduction in, as applicable direct, counter-cyclical or ACRE, payments;
 - (3) The fruit (including nuts), vegetable or wild rice is planted on a farm that has an established history of planting fruits, vegetables or wild rice, as determined by the FSA County Committee, in which case there is no contract violation; however, direct, counter-cyclical or ACRE payment acres shall be reduced by an acre for each acre of base acres planted to a fruit (including nuts), vegetable (other than mung beans and pulse crops) or wild rice; or
 - (4) The producer(s) with an interest in the specific fruit (including nuts), vegetable or wild rice planted has an established history of planting the specific fruit, vegetable or wild rice, and the plantings on base acres do not exceed the producer's average annual planting history for the specific fruit, vegetable or wild rice for either the 1991 through 1995 crop years or the 1998 through 2001 crop years, but not both, as selected by the producer, in which case there is no contract violation; however, direct, counter-cyclical, or ACRE payment acres shall be reduced by an acre for each acre of base acreage planted to a fruit (including nuts), vegetable (other than mung beans and pulse crops) or wild rice. When calculating a producer's average annual planting history, all years in which the producer did not plant the specific fruit, vegetable or wild rice, as applicable, shall be excluded.
- C** Failure to comply with the fruit, vegetable and wild rice provisions of this section may result in the termination of the contract or a reduction in the direct, counter-cyclical, or ACRE payments, at CCC's discretion.

5 DIRECT PAYMENTS

- A** Subject to limits otherwise provided for (including, but not limited to the limits for ACRE farms), the direct payment for each covered commodity or peanuts will be computed by multiplying: (1) 83.3 percent (85 percent in 2012) of the covered commodity's or peanut's base acres (the result of which is indicated by the payment acres in Item 9 of CCC-509), by (2) the covered commodity's or peanut's program payment yield (identified in Item 10A of CCC-509), by (3) the payment rate for the covered commodity or peanuts as provided for in this Appendix, by (4) the producer's share of the covered commodity or peanuts (identified in Item 13 of CCC-509).
- B** CCC will make advance direct payments available to producers who request such an advance by multiplying the payment amount determined in paragraph A of this section by 22 percent for contracts enrolled for the applicable 2009 through 2011 program year. Such payments may be made as soon as practical after December 1 of the contract period through September of the contract period. For 2012, advance direct payments are not available.
- C** A producer must refund to CCC any payment which exceeds the amount actually earned under this contract, including the refund of unearned payments for a crop year resulting from another owner or producer assuming an interest in the base acres for the crop year. Interest on such refunds shall be assessed in accordance with 7 CFR Part 1403 and will accrue from the date of disbursement. In the event a succession-in-interest is timely reported on a revised CCC-509, interest on refunds from predecessors is not charged if such refund is made by September 30 of the contract period.
- D** A final payment for the crop year will be made to producers as soon as practicable after October 1 of the crop year in which the crop is normally harvested.
- E** For any person or entity with an ACRE contract on a farm, the direct payment otherwise allowed by this section for that farm shall be reduced by 20 percent.
- F** Direct payments related to a particular crop year will be made under the program year that ends in the calendar year that corresponds to that crop year. For example, direct payments for the 2009 crop of a commodity will be made under the 2009 program.

6 COUNTER-CYCLICAL PAYMENTS

- A** Counter-cyclical payments are authorized for a covered commodity or peanuts when the effective price for the commodity is less than the target price of the commodity. The effective price for a covered commodity or peanuts is equal to the sum of: (1) the higher of the national average market price received by producers identified in item 11 of this Appendix during the applicable 12-month marketing year for the covered commodity or peanuts, as determined by CCC under its regulations, or the national average loan rate for the commodity, subject to statutory changes, as found in the regulations at 7 CFR Parts 1421 and 1425, or other regulations, as applicable and (2) the direct payment rate for the covered commodity or peanuts, as provided at 7 CFR Part 1412 or other regulations, as applicable. The "marketing year" shall be the period identified in 7 CFR Part 1412 as the "marketing year" for the relevant commodity.
- B** The counter-cyclical payment, if any, for each covered commodity or peanuts will be computed by multiplying: (1) 85 percent of the covered commodity or peanut's base acres (the results of which is indicated by the payment acres identified in Item 9 of CCC-509), by (2) the program payment yield (identified in Item 10B of Form CCC-509), by (3) the payment rate for the covered commodity or peanuts (identified in Item 11 of this Appendix), by (4) the producer's share of the covered commodity or peanuts (identified in Item 13 of CCC-509).
- C** The counter-cyclical payment rate for a commodity, when authorized for a crop year, is determined by subtracting the effective price for the commodity from the target price of the commodity (target prices are established by statute and are listed later in this document). The direct payment rates, national loan rates, and maximum counter-cyclical payment rates are identified in Item 11 of this Appendix. Counter-cyclical payments are not available for 2009 crops of canola, crambe, flax, mustard, rapeseed, safflower, sesame, or sunflowers, because the sum of the national loan rate and the direct payment rate for those covered commodities is equal to or greater than the target price. Payments for other eligible oilseeds, if any, shall be as determined by the CCC.

- D** Generally, CCC may authorize partial counter-cyclical payments for a covered commodity or peanuts, if before the end of the applicable 12-month marketing year for the commodity, the Secretary estimates that counter-cyclical payments will be required. In this event, producers may request a partial payment of no more than 40 percent, as determined by the Secretary, of the projected payment amount, to be made after completion of the first 6 months of the marketing year for that crop. However, partial counter-cyclical payments for 2011 and 2012 program years are not available.
- E** A final counter-cyclical payment for the crop year, if applicable, will be made to producers beginning October 1, or as soon as practical, after the end of the 12-month marketing year for the applicable commodity.
- F** A producer must refund to CCC any payment which exceeds the amount actually earned under this contract, including the refund of any unearned partial counter-cyclical payment when appropriate because actual market prices exceed the projected market prices used in determining the partial payment rates. CCC may, at its discretion, automatically reduce any partial, advance, or final direct payments, counter-cyclical, or ACRE payments earned by, or which would otherwise be received by, the producer (or affiliated person or entity as provided in 7 CFR Part 1403) in any current or future year to help satisfy any obligation to repay any unearned partial, advance, or final direct, counter-cyclical, or ACRE payment for the current year or any other year under this contract. Likewise, such other payments may be withheld in the case of partial or advance payments pending a determination of whether those payments would themselves be subject to a refund because of a recalculation made when final payments are due. In the event that any overpayment was due to an error or omission either by CCC or by the party that receives the payment, and in the event of a contract violation, interest shall be due on the refund from the date of the disbursement by CCC. The rate shall be determined in accordance with normal CCC procedures and rules.
- G** Notwithstanding any other provision of this section, for any person or legal entity with an ACRE contract for a particular farm, there shall be no counter-cyclical payment made or due for that farm. That is, for such person or legal entity, the counter-cyclical payment for that farm shall be zero.
- H** Counter-cyclical payment related to a particular crop year will be made under the program whose program year that ends in the calendar year that corresponds to that crop year. That is, countercyclical payments due for the 2009 crop will be made under the 2009 program.

7 AVERAGE CROP REVENUE ELECTION PAYMENTS

- A** For a farm to be enrolled in ACRE for the first time, each owner, operator, and producer on the farm must elect ACRE on CCC-509 ACRE prior to the execution of CCC-509. The ACRE election and the execution of CCC-509 must be made no later than the final signup date. No later than the final signup date for the year of that otherwise one-time election, **any producer** on the farm may revoke the ACRE election by providing written notification to the FSA County Committee. Any CCC-509 for that program year is deemed to have been withdrawn and not recognized for any purpose if an ACRE election is withdrawn. However, once that farm is considered to have been finally enrolled in ACRE, that farm may only generate payments under ACRE and receive reduced direct payments for all subsequent crop years irrespective of whether the ownership of the farm has changed and irrespective of whether the producers on the farm have changed.
- B** As set forth in subparagraph A, except for the limitation in subparagraph A, an ACRE election for a farm is permanent and irrevocable and stays with the farm. When a parent farm with a valid ACRE election is reconstituted, each resulting farm is considered subject to the parent farm's ACRE election and cannot generate DCP (as opposed to ACRE) payments. That is, the resulting farms are ineligible for DCP and may not be combined further with any farm that is not subject to an ACRE election.
- C** A farm for which an ACRE election is made **cannot** be enrolled in DCP. If a producer with respect to a particular farm that has not previously been enrolled in ACRE enrolls in DCP in a contract year then subsequently chooses to elect and enroll that farm in ACRE in the same contract year, the DCP contract must be withdrawn prior to the sign up deadline. An election and enrollment in ACRE must occur prior to the end of the sign up period for that contract year for that farm to be considered to be enrolled in ACRE. A new CCC-509 contract (as opposed to the ACRE election) must be executed each year for which payments are sought and be executed prior to the end of the sign up period for that contract year. It is the producer's responsibility, not Farm Service Agency's, to ensure that decisions on DCP enrollment or ACRE election and enrollment are made

timely. Again, however, once a farm for a crop year has been enrolled in ACRE then the farm thereafter for any and all producers on that farm (irrespective of any history with the farm) may only generate payments in ACRE and receive reduced direct payments and not in the DCP unless that election for the first contract year is withdrawn by the final signup date for that program year.

Warning: A first-time ACRE election can not be withdrawn after the end of sign up for that program year and remains in effect through 2012.

- D** Advance ACRE payments are not authorized. ACRE payments will be made beginning October 1, or as soon as possible thereafter, after the end of the applicable marketing year, as defined in relevant regulations, for the relevant crop of the covered commodity or peanuts.
- E** **For a commodity** to generate an ACRE payment for a program year, two thresholds must be met for that program year for the relevant commodity:
- the State ACRE Guarantee must exceed the Actual State Revenue; and
 - the Farm ACRE Guarantee must exceed the Actual Farm Revenue.
- F** The ACRE payments are made on a farm basis and may be made only if both thresholds of subparagraph E are met and if those thresholds are met, then the payment (subject to subparagraph J and to other limits that may apply) for each covered commodity or peanuts will be computed by multiplying:
- 83.3 percent (85 percent in 2012) of the number of the farm's acres planted to the commodity and/or considered, by CCC, to have been planted to the commodity, but not to exceed the maximum number of payment acres provided for in J, by,
 - the benchmark farm yield divided by the benchmark state yield for that commodity by:
 - the lesser of:
 - the state ACRE guarantee minus actual state revenue for that commodity, or
 - the state ACRE guarantee times 25 percent for that commodity.
- G** Separate State ACRE Guarantees may be established by CCC for irrigated and non-irrigated production of a commodity if a state has at least 25 percent of the acreage planted to a covered commodity or peanuts as irrigated acres and at least 25 percent of the acreage planted to a covered commodity or peanuts as non-irrigated acres.
- H** Production reports for planted acres or appraisals must be submitted no later than the last crop reporting date for the covered commodity or peanuts in the year following the contract year. If a producer does not submit production evidence by the subsequent year's crop reporting deadline, the farm will not be eligible for ACRE payments for that year and for purposes of the benchmark yield for qualifying for future years, CCC may assign a zero yield. Producers are responsible for establishing to the satisfaction of CCC that acres should be considered planted to a commodity by CCC and CCC may in any circumstance considered an acre not to be planted or considered planted to a particular commodity if CCC deems it necessary for program integrity including those instances in which the crop may have been planted but in which there was not a reasonable likelihood of harvest.
- I** For any person or entity on a farm in ACRE with respect to a particular year:
- the direct payments for that farm otherwise allowed shall be reduced by 20 percent, and
 - no counter-cyclical payment shall be made or be considered due for that farm. That is, for such person or legal entity, the counter-cyclical payment for that farm shall be zero.
 - In addition, the market assistance loan rates for commodities produced on the farm shall be reduced by 30 percent such that those rates shall be 70 percent of the rates that would apply if the farm were not in ACRE.

- J** The maximum ACRE payment acres on a farm are equal to 83.3 percent (85 percent in 2012) of the planted or considered planted (P&CP) acres, not to exceed the total number of base acres on the farm. Producers with more than a zero share of covered commodities or peanuts planted on the farm must notify CCC which acres and crops may be eligible for ACRE payments when total planted acres on the farm are more than 120 percent of the total base acres on the farm, by a date determined by CCC. If those producers can not or do not decide on the covered commodity or peanuts and the number of acres of each, then the payment acres will be prorated based on the percentage of P&CP acres.
- K** To establish the farm benchmark yield, participants must provide five year's production history. The farm benchmark yield shall use a 5-year Olympic average. There may be situations when the producer did not plant the covered commodity or peanuts or is not able to provide production evidence to establish the farm benchmark yield. In order to establish the farm benchmark yield in these types of situations, the farm benchmark yield shall be calculated using 95 percent of the actual county yield as determined appropriate by CCC, but CCC may make any adjustments as it deems necessary to ensure program integrity.
- L** Covered commodities or peanuts must meet the definition of the crop, as defined by DAFP. In general, covered commodities or peanuts must be intended to be mechanically harvested or grazed.
- M** Only initial planted acreage of covered commodities and peanuts, except for CCC-approved double-cropping, is eligible for ACRE payments. "Subsequent" crops, defined as crops planted on acreage that is prevented from being planted or on failed acreage are not eligible to generate ACRE payments, unless the subsequent crop meets CCC approved double-cropping requirements.

8 OTHER PAYMENT PROVISIONS

- A** A producer who declines to receive direct, counter-cyclical, or ACRE payments by indicating such on CCC-509 may subsequently decide to receive payments, provided that the producer signs a revised CCC-509 or otherwise notifies the FSA County Committee in writing on or before September 30 of the contract period. This authority is simply directed at a wholesale declination of payments and is unrelated to the irrevocable nature of an election to place a farm in ACRE. The ACRE election for a farm as specified elsewhere can only be revoked in the program year it is made and then only by the final signup date for that program year. This is a one-time ACRE election for a farm; each year there must be a separate enrollment on the CCC-509 contract.
- B** Payments shall not be earned by any producer on a contract for a particular program year, unless payment shares are properly designated and all producers sign the contract in accordance with the regulations at 7 CFR Part 1412. In cases where a valid payment share dispute exists, direct, counter-cyclical, or ACRE payments shall not be earned by producers involved in the dispute on the farm unless the payment share in dispute is resolved by agreement of the parties and documented in writing to the satisfaction of the FSA County Committee on or before September 30 of the contract period, and the agreed upon payment shares are compliant with program regulations and provisions.
- C** Any payment or portion thereof due any producer will be made by CCC without regard to any question of title under state law, and without regard to any claim or lien against the crop, or proceeds there from, which may be asserted by a creditor, except agencies of the U.S. Government. Offsets for debts owed to agencies of the U.S. Government shall be made prior to making any payments to producers or their assignees.
- D** Payments can be denied to any signatory who CCC determines has violated State law provisions that affect a tenant's right to lease agricultural land, or any person (including a subsequent tenant) who would profit by such a violation.
- E** Interest on any refund due CCC shall accrue beginning on the date of disbursement by CCC.
- F** All payments are subject to the availability of funds and to other limits in this Appendix or elsewhere that may apply and all payments are subject to changes in statutory and regulatory provisions (including any and all new statutory or regulatory provisions) irrespective of whether those amendments and provisions or changes occurred after the signing of this contract.

- G** In addition, no person or legal entity may receive a payment under this contract if their average adjusted gross nonfarm income for the relevant base period, as determined under the adjusted gross income (AGI) regulations in part 1400 is more than \$500,000 as determined under those regulations. Also, no person or legal entity can receive direct payments if their average adjusted gross farm income for the relevant period exceeds \$750,000. Further, for entities, an otherwise due payment will be reduced commensurately to the extent that any person with an interest in the entity, as determined under the AGI regulations, had such income over the foregoing limits for the relevant period as determined under Part 1400.

9 LOSS OF BENEFITS

- A** If CCC determines a producer erroneously represented any fact affecting a determination to be made by CCC under this contract, direct, counter-cyclical, or ACRE payments shall not be allowed on the farm with respect to the payment shares of that producer. If CCC determines that the misrepresentation was intentional or fraudulent, or if the producer knowingly adopted any scheme or device which tends to defeat the purposes of this contract, the producer shall forfeit all rights to contract payments on each farm in which the producer has an interest and shall refund to CCC all contract payments received by the producer during the period of the violation, plus interest. Schemes and devices and other actions to evade payment limitations can lead to ineligibility for payments for the relevant program year and the succeeding crop year as well, under the provisions of 7 U.S.C. 1308-2. Also, under those same statutory provisions, the filing of false documents or, to the extent provided by regulation, other serious actions can lead to a five year disqualification for payments. In addition, any scheme or device to increase the amount of the payment under a DCP or ACRE contract shall, irrespective of whether it is related to a maximum payment limitation or not, be grounds for denying payment under the contract involved or for demanding repayment if payment has already been made.
- B** All producers sharing in the contract payments are jointly and severally liable for any refunds determined pursuant to paragraph A of this section and CCC will establish claims for the full amount of the refund against each producer in accordance with 7 CFR Part 1403 and this Appendix. A signatory to the contract who does not receive any direct, counter-cyclical or ACRE share of the contract payments shall not be liable for the repayment of such refund.
- C** The provisions of this section are in addition to any liability which may be incurred under various criminal and civil statutes, including, but not limited to, 7 U.S.C. 1308-2, 15 U.S.C. 714m 18 U.S.C. 286, 287, 371, 641, 1001; and 31 U.S.C.3729.

10 MODIFICATIONS

CCC reserves the right to correct all errors in entering data on CCC-509 and CCC-509 ACRE and the results of computations made pursuant thereto and to modify this agreement and Appendix to reflect statutory and regulatory changes (including new statutory and regulatory provisions) in the program, including changes in program payments and program eligibilities. In the event of such modifications, producers shall be allowed to withdraw from the contract for the program year involved in which case all partial payments received under the contract for that program year shall be refunded with interest from the date the funds were disbursed by CCC. CCC also reserves the right to require refunds of payments as the result of determinations made in accordance with the maximum payment limitations in the regulations at 7 CFR Part 1400.

11 PAYMENT RATE INFORMATION

Direct Payments and Maximum Counter-Cyclical Rates for Covered Commodities and Peanuts, Crop Year 2009						
Commodity	Units	Target Price	Direct Payment Rate for DCP *	Loan Rate for DCP **	Minimum Effective Price	Maximum Counter-Cyclical Payment Rate
Wheat	\$/bu.	3.92	0.52	2.75	3.27	0.65
Corn	\$/bu.	2.63	0.28	1.95	2.23	0.40
Grain Sorghum	\$/bu.	2.57	0.35	1.95	2.30	0.27
Barley	\$/bu.	2.24	0.24	1.85	2.09	0.15
Oats	\$/bu.	1.44	0.024	1.33	1.354	0.086
Upland Cotton	\$/lb.	0.7125	0.0667	0.5200	0.5867	0.1258
Rice, Long Grain	\$/cwt.	10.50	2.35	6.50	8.85	1.65
Rice, Medium Grain	\$/cwt.	10.50	2.35	6.50	8.85	1.65
Soybeans	\$/bu.	5.80	0.44	5.00	5.44	0.36
Other Oilseeds	\$/cwt.	10.10	0.80	9.30	10.10	0.00
Dry Peas	\$/cwt.	8.32	0.00	5.40	5.40	2.92
Lentils	\$/cwt.	12.81	0.00	11.28	11.28	1.53
Small Chickpeas	\$/cwt.	10.36	0.00	7.43	7.43	2.93
Large Chickpeas	\$/cwt.	12.81	0.00	11.28	11.28	1.53
Peanuts	\$/short ton	495.00	36.00	355.00	391.00	104.00

Direct Payments and Maximum Counter-Cyclical Rates for Covered Commodities and Peanuts, Crop Year 2010 through 2012						
Commodity	Units	Target Price	Direct Payment Rate for DCP *	Loan Rate for DCP **	Minimum Effective Price	Maximum Counter-Cyclical Payment Rate
Wheat	\$/bu.	4.17	0.52	2.94	3.46	0.71
Corn	\$/bu.	2.63	0.28	1.95	2.23	0.40
Grain Sorghum	\$/bu.	2.63	0.35	1.95	2.30	0.33
Barley	\$/bu.	2.63	0.24	1.95	2.19	0.44
Oats	\$/bu.	1.79	0.024	1.39	1.414	0.376
Upland Cotton	\$/lb.	0.7125	0.0667	0.5200	0.5867	0.1258
Rice, Long Grain	\$/cwt.	10.50	2.35	6.50	8.85	1.65
Rice, Medium Grain	\$/cwt.	10.50	2.35	6.50	8.85	1.65
Soybeans	\$/bu.	6.00	0.44	5.00	5.44	0.56
Other Oilseeds	\$/cwt.	12.68	0.80	10.09	10.89	1.79
Dry Peas	\$/cwt.	8.32	0.00	5.40	5.40	2.92
Lentils	\$/cwt.	12.81	0.00	11.28	11.28	1.53
Small Chickpeas	\$/cwt.	10.36	0.00	7.43	7.43	2.93
Large Chickpeas	\$/cwt.	12.81	0.00	11.28	11.28	1.53
Peanuts	\$/short ton	495.00	36.00	355.00	391.00	104.00

* Reduced by 20 percent for farms participating in ACRE.

** Reduced by 30 percent for farms participating in ACRE.

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